

RECORDATION NO. 18225-I FILED

SEP 28 '01

3-47 PM

TC  
SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD  
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WASHINGTON, D.C.  
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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

OF COUNSEL  
URBAN A. LESTER

September 28, 2001

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Assignment and Assumption Agreement, dated as of September 28, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Railcar Lease Agreement which was previously filed with the Board under Recordation Number 18225.

The names and addresses of the parties to the enclosed document are:

Seller: The CIT Group/Equipment Financing, Inc.  
1211 Avenue of the Americas  
New York, New York 10036

Buyer: Babcock & Brown Rail Funding, LLC  
599 Lexington Avenue, 45<sup>th</sup> Floor  
New York, New York 10022

A description of the railroad equipment covered by the enclosed document is:

One hundred (100) covered coil cars: EJE 7400 - EJE 7499 inclusive.

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Mr. Vernon A. Williams  
September 28, 2001  
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A short summary of the document to appear in the index is:

Assignment and Assumption Agreement.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anm  
Enclosures

**CERTIFICATION**

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy of an Assignment and Assumption Agreement (plus exhibit) with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: September 28, 2001 Edward M. Luria  
Edward M. Luria

**Assignment and Assumption Agreement**

This Assignment and Assumption Agreement dated as of September \_\_, 2001 (this "Agreement"), is between The CIT Group/Equipment Financing, Inc., a Delaware corporation (the "Seller"), and Babcock & Brown Rail Funding LLC., a Delaware limited liability company (the "Buyer").

**Witnesseth:**

WHEREAS, the Buyer and the Seller have entered into that certain Purchase Agreement dated as of the date hereof (the "Purchase Agreement"), providing for the purchase of the Ownership Interest by the Buyer from the Seller, subject to the terms and conditions set forth therein; and

WHEREAS, the Purchase Agreement contemplates the execution and delivery of this Agreement by the Seller and the Buyer on the date hereof.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in Section 4 of this Agreement.
2. Assignment. Effective as to each item of Equipment on the Closing Date, the Seller sells to the Buyer all of the Seller's rights, title and interest, except as reserved under Section 2.1 of the Purchase Agreement, in and to such item and assigns to the Buyer all of the Seller's rights and obligations, except to the extent constituting Existing Obligations, under each of the following as they relate to such item:
  - (a) the Lease;
  - (b) Rider A to Master Railcar Lease Agreement dated April 30, 1993 between The CIT Group/Equipment Financing, Inc. and Elgin Joliet and Eastern Railway Company;
  - (c) Assignment of Purchase Order by Elgin, Joliet and Eastern Railway Company to The CIT Group/Equipment Financing, Inc;
  - (d) Acknowledgement and Consent of Thrall Car Manufacturing Company;
  - (e) Guaranty Agreement dated as of April 30, 1993 between The CIT Group/Equipment Financing, Inc. and Transtar, Inc.;

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[Assignment & Assumption Agr.]

SURFACE TRANSPORTATION BOARD

- (f) Assignment and Security Agreement granted as of April 30, 1993 by Elgin, Joliet and Eastern Railway Company to The CIT Group/Equipment Financing, Inc.;
- (g) Supplement and Acceptance Certificate No. 1 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7400-7412;
- (h) Supplement and Acceptance Certificate No. 2 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7413-7430, EJE 7432-7434, and EJE 7437;
- (i) Supplement and Acceptance Certificate No. 3 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7431, 7435, 7436, 7438-7447;
- (j) Supplement and Acceptance Certificate No. 4 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7448-7462;
- (k) Supplement and Acceptance Certificate No. 5 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7463-7466, EJE 7469, EJE 7470, EJE 7472;
- (l) Supplement and Acceptance Certificate No. 6 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7467, 7468, 7471, 7473-7481, 7483 and 7484;
- (m) Supplement and Acceptance Certificate No. 7 by The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company, covering EJE 7482, 7485-7499;
- (n) Amendment Agreement to Master Railcar Lease Agreement dated as of May 25, 1993 by and between The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company;
- (o) Amendment Agreement to Master Railcar Lease Agreement dated as of June 30, 1993, by and between The CIT Group/Equipment Financing, Inc. and Elgin, Joliet and Eastern Railway Company;
- (p) Letter from Transtar, Inc. to The CIT Group/Equipment Financing, Inc. dated February 26, 2001 regarding the reorganization of Transtar, Inc.; and
- (q) Letter from The CIT Group/Equipment Financing, Inc. to Elgin, Joliet and Eastern Railway Company dated July 6, 1993 regarding the correction of errors in Section 4(a) of the Master Railcar Lease (collectively, the "Assigned Operative Agreements").

Notwithstanding the foregoing, the Seller shall continue to be entitled to the benefit of any rights to indemnification for tax and other matters which arose or may arise from or be related to any event or circumstance occurring or in existence prior to the Closing Date, as specified in the Purchase Agreement.

3. Acceptance of Assignment; Assumption of Obligations; Effect of Assignment.

The Buyer accepts the assignment contained in Section 2 hereof and, in respect of the period on and after the Closing Date, assumes all obligations of the Seller under, and agrees to be bound to the same extent as the Seller by all the terms of, the Assigned Operative Agreements. Effective on and after the Closing Date, the Buyer shall be deemed to stand in the place of the Seller for all purposes under the Assigned Operative Agreements and each reference in the Assigned Operative Agreements to the Seller shall be deemed to mean the Buyer. The Seller, in respect of the period on and after the Closing Date, is released of all obligations of the lessor under the Assigned Operative Agreements, except to the extent constituting Existing Obligations.

4. Definitions. Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below whenever used in this Agreement (terms defined in the singular to have a correlative meaning when used in the plural and vice versa).

Bill of Sale: as to any one or more items of Equipment, a bill of sale in the form of Exhibit I hereto.

Closing Date: as to any one or more items of Equipment and related Ownership Interest, the date of the Bill of Sale with respect thereto.

Equipment: the items of equipment listed on Exhibit A hereto, together with each and every part, accessory, component and any equipment installed therein or attached thereto owned by the Seller (individually such railcars shall be referred to as an "item" or "items of Equipment").

Existing Obligations: any and all liabilities and obligations of Seller under the Ownership Interest, including the Assigned Operative Agreements, or otherwise relating to the Equipment in each such case, to the extent arising or occurring prior to the Closing Date (whether or not asserted or assessed), and, with respect to the obligations, to have been performed by Seller prior to the Closing Date.

Lease: the Master Lease Agreement dated April 30, 1993, entered into by and between Seller and Lessee, as amended, modified or supplemented from time to time.

Lessee: Elgin, Joliet and Eastern Railway Company, a Delaware corporation.

Ownership Interest: the Seller's rights, title and interest in and to the Equipment and the Seller's rights and obligations under the Assigned Operative Agreements, except the Existing Obligations.

5. Amendments. No provision of this Agreement may be amended, modified or waived except by written agreement duly executed by each of the parties hereto.

6. Notices. All notices, requests or other communications to or upon any party hereto in connection herewith shall be given in the manner prescribed by Section 9.5 of the Purchase Agreement.

7. Headings. The section headings used in this Agreement are for convenience of reference only and shall not be used or construed to define, interpret, expand or limit any provision hereof.

8. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal substantive laws of the State of New York, without giving effect to the conflict of law rules thereof, other than Section 5-1401 of the New York General Obligations Law.

10. Recordation. The Seller and the Buyer agree to record this Agreement with the Surface Transportation Board and the Registrar General of Canada to evidence the assignment by the Seller to the Buyer of the Seller's rights and obligations under the Lease, if and only if the Lease has been recorded with the Surface Transportation Board and the Registrar General of Canada.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

THE CIT GROUP/EQUIPMENT FINANCING,  
INC., as Seller

By: \_\_\_\_\_

Name: Stephen Z. Serepca

Title: Senior Vice President

BABCOCK & BROWN RAIL FUNDING LLC,  
as Buyer

By: \_\_\_\_\_

Name:

Title:

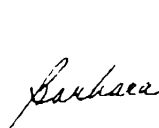


State of NY )  
 )  
County of NY )

On this, the 28<sup>th</sup> day of September, 2001, before me, a Notary Public in and for said County and State, personally appeared Stephen Z. Serepca, a Senior Vice President, who acknowledged himself/herself to be a duly authorized officer of The CIT Group/Equipment Financing, Inc., and that, as such officer, being authorized to do so, he/she executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name:



Notary Public



BARBARA GARNER  
Notary Public, State of New York  
No. 01045065133  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires Sept. 3, 2002

My Commission Expires: \_\_\_\_\_


Residing in: Nassau County, NY

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

THE CIT GROUP/EQUIPMENT FINANCING,  
INC., as Seller

By: \_\_\_\_\_  
Name:  
Title:

BABCOCK & BROWN RAIL FUNDING LLC,  
as Buyer

By:   
Name: Lawrence Littlefield  
Title: Vice President

State of New York       )  
                                  )  
County of New York     )

On this, the 27th day of September, 2001, before me, a Notary Public in and for said County and State, personally appeared Lawrence Littlefield, residing at 127 Danforth Drive, New Canaan, CT 06840, who acknowledged himself to be a duly authorized officer of Babcock & Brown Rail Funding LLC, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: Jennifer Moreano  
Notary Public

My Commission Expires:

Residing in:

*Jennifer Moreano  
Notary Public, State of New York  
No. 02MD036946  
Qualified in Queens County  
Commission Expires January 24, 2002*



Exhibit A  
(to Assignment and  
Assumption Agreement)

**EQUIPMENT**

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
100	1993	100 ton covered coil cars manufactured by Thrall Car Manufacturing Company	EJE 7400-7499, inclusive.	None.

Exhibit 1  
(to Assignment and  
Assumption Agreement)

**Bill of Sale**

On this \_\_\_\_ day of \_\_\_\_\_, 2001, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, The CIT Group/Equipment Financing, Inc. ("Seller"), does hereby sell, transfer and assign to Babcock & Brown Rail Funding LLC ("Buyer") all of Seller's rights, title and interest in and to the equipment described in Exhibit A hereto (the "Equipment"), subject to the terms and conditions of the Purchase Agreement dated as of September \_\_\_\_, 2001, (the "Purchase Agreement") and the Assignment and Assumption Agreement dated September \_\_\_\_, 2001, each between Seller and Buyer.

Seller represents and warrants to Buyer and its successors and assigns that at the time of delivery of the Equipment, Seller had legal title thereto and good and lawful right to sell the Equipment, and the Equipment was free and clear of all Liens (as defined in the Purchase Agreement), other than as described in Section 3.3 of the Purchase Agreement.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: \_\_\_\_\_  
Name:  
Title:

Exhibit A  
(to Bill of Sale)

**EQUIPMENT**

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
100	1993	100 ton covered coil cars manufactured by Thrall Car Manufacturing Company	EJE 7400-7499, inclusive.	None.

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NYC1 #417601 v1

[Assignment & Assumption Agr.]